



**ZIONSVILLE TOWN COUNCIL
MEETING MINUTES
FOR
MONDAY, SEPTEMBER 20, 2021
AT 7:30 A.M.
ONSITE MEETING
1100 West Oak Street**

This meeting was conducted onsite and electronically via Zoom. All Councilors participated in person. The public attended via Zoom and in person.

Council Members Present: Josh Garrett, President; Jason Plunkett, Vice-President; Brad Burk, Alex Choi, Joe Culp, and Craig Melton
Council Members Not Present: Bryan Traylor

Also Present: Adam Steuerwald, Town Council Attorney; Amy Lacy, Municipal Relations Coordinator, and Town Department Staff.

1. OPENING

The meeting was called to order at 7:30 a.m.

Garrett We will call this meeting to order. Please join me in the Pledge of Allegiance.

All Pledge of Allegiance.

**2. APPROVAL OF THE MEMORANDUM OF THE SEPTEMBER 7, 2021
REGULAR MEETING**

Garrett We have the approval of the memorandum of the September 7, 2021 regular meeting. A copy has been posted. Unless there are any questions on that, I'll make a motion to approve.

Plunkett Second.

Garrett Second from Vice-President Plunkett. All in favor?

All Aye.

Garrett All opposed?

[No response.]

Garrett The memorandum of the September 7, 2021 regular Town Council meeting is approved by a vote of 6 in favor, 0 opposed.

3. REQUEST TO SPEAK ON AGENDA ITEM

Garrett Amy, any requests to speak?

Lacy No, we have no requests to speak.

4. MAYOR/ADMINISTRATION UPDATE

Garrett Okay, very good. Any mayor or administration update?

Lacy No, no mayor or administration update.

Garrett Okay, and councilors, the mayor did communicate to me that she is going to be sending the deputy mayor to every other meeting to provide us with updates. So, not this time, but hopefully the next meeting so we appreciate that.

5. OLD BUSINESS

A. Consideration of a Veto Override on a Resolution Establishing the Policy by which Members of the Town Council may Participate by Electronic Means of Communication **Resolution 2021-16**

Garrett Old business. We have a consideration of a veto override on a resolution establishing the policy by which members of the Town Council may participate by electronic means of communication. Um, I did get a little background on this so, voted on this last time. We had previously voted on this and the mayor had vetoed it but she vetoed it by not signing it. So, you can actively veto it and say, "I veto it" or the rules of organization, if you don't sign it, then it is considered vetoed. So, the first we passed this the mayor did not sign it so it was vetoed. We were not aware that she did not sign it and if we don't, if we then don't overrule the veto at the next meeting, that veto stands. So, being unaware of that, that veto happened, we had another meeting. This was a policy that I thought was important and the Council voted unanimously on and so we then put it on the last Town Council meeting. It was again unanimously approved and the mayor has again chosen not to sign it. Now, she did communicate her concern was that this resolution does not address the members of the public being able to participate electronically. However, the meet—this resolution is, this, this is really structured in a way to govern statutorily how the Council operates and not how the public operates. The public does have the right to participate electronically if the Council is doing the meeting electronically but that is set of through the rules that we set up previously for how the Council operates. So, this is really just around, can the Council participate electronically or not? And, that was the statutorial [sic] piece from the state we were trying to cover. So, appreciate the mayor's

- concern but it's not really relevant to what this was trying to do. Did I miss anything there, Adam?
- Steuerwald No.
- Garrett Okay, great. Councilors, any questions on that summary? Basically, we have to vote on it again if we choose to override the non-signing veto.
- Burk I mean, not on this necessarily but to that point, um, it is with, it is something that we have passed as resolution or is it just a rule that we came up with about how the public does engage. I mean, it's necessarily a part of this but where is that?
- Garrett So, that piece is in the Council rules and procedures that we had voted on three months ago or so? And, effectively, it states that if the Council is meeting in person that participants need to be in person and if the Council is meeting electronically for some reason like we had in the past due to COVID, the public has the right to meet electronically as well. Is sort of the TLDR on that one.
- Burk So, if we were to address that, that would be the place to address it, there in that document, not –
- Garrett Correct and it is addressed in that document.
- Burk Okay.
- Garrett Yeah, it's already covered there.
- Melton And, Mr. President, by the time we get our Wednesday information packet, that's when it goes out to the public that we're going to be meeting electronically or not, correct?
- Garrett Correct, yeah, basically—
- Melton They have every bit of knowledge as soon as that packet comes out to join the following Monday.
- Garrett Yeah, so that's a good point, Councilor Melton, is that the packet has all the information and we then can't change that packet. We sort of set the rule that once it's—and that was part of the same rules that Councilor Burk was talking about—once the packet is distributed, we're not adding additional things to it, sort of last minute just for transparency and public disclosure. So, we would not say we are meeting electronically and then turn around at the last minute and decide we're going to meet in person. That's part of the public notification rules that exist within the state.
- Melton Thank you.
- Garrett Uh-huh. Well, if there's no other questions or comments—those are good comments—I'll make a motion to approve.
- Melton Second.

Garrett Second by Councilor Melton. All in favor?

All Aye.

Garrett Any opposed?

[No response.]

Garrett Resolution 2021-16 veto override passes with a vote of 6 in favor, 0 opposed. I think that's the first veto override this Council has ever had. So, making history.

6. NEW BUSINESS

A. 2022 Budget Presentation

Tammy Havard, Chief Financial Officer, Town of Zionsville

Garrett New business. We've got only one item. The 2022 budget presentation. Ms. Havard, the floor is yours.

Havard Good morning, Councilors. I'd like to bring up Greg Guerrettaz from Financial Solutions Group. He's going to talk about some of the economic factors of us going into this 2022 budget cycle. We are going to keep it high level for this conversation and just kind of set the stage for what we are working for, with and the challenges that we're facing in this fiscal year.

Guerrettaz Good morning and thank you. And, I think I have met most of you on Zoom. Hi Adam, nice to see you.

Steuerwald Greg.

Guerrettaz My name is Greg Guerrettaz. I'm president of Financial Solutions Group and we've been working with the city and kind of look—charting the course, um, and I wanted to kind of being, um, a little bit of Budget 101 because we kind of start throwing out a lot of terms as we go through budgets and then I'm going to kind of step through some of the revenues and the expenses. And, I like to say, stop me at any point in time if you want to say, "Greg, that's the worst thing I've ever heard. Can you kind of adjust that or, or redo that?" That's fine. Um, if you agree with something or understanding something, you know, always a nod or something like that is very, very helpful. A lot of times on and I may sneak over here if there is a marker. I like to write down a few things. I don't know. Tammy, is there a marker around?

Havard Yes, I have one.

Guerrettaz Okay, thanks. Um, we throw out a lot of terms as we go through budgets. I'm going to take my—I like to roll up my sleeves. One of the things is, what Tammy's been working on, is the June 30 balance and I think she's got a real good handle on that for the tax-supported funds and I like to tell everybody, don't forget. This budget is an 18-month budget. Okay? So, there's 18 months that fall

into here. Now, a lot of people will say, “Well, wait a minute. We’re talking about the 2022 budget.” And, I’m like, “Yeah, but don’t forget what really only set up what we call the form 4B or the 16-line statement as it used to be known, um, if you’ve been around here in budgets for a long time, you’ll know it is the 16-line statement. And, so, what that does is it starts with the June 30 balance of right now 2021 and we really go all the way through to December 31 of 2022. And, actually, the new form 4B on Gateway—that’s what it’s called, form 4B on Gateway—it is, it will kind of sum that up and it will actually show your projected balances as of the end of this year and it will show the end of 2022. So, notice I said the end of this year. That kind of comes in right here. So, we’ve got six months here, we’ve got 12 months here. Here’s our 18-month budget.

Okay, now, how did we get the budget into Gateway and how all do we get it in front of you? We get it, commonly what’s known as a form 1, and form 1 is also usually the budget ordinance. So, that will have what I call all the gory details of the expenses line by line and really is what then goes in to Gateway as form 1 which is all the expenses. Now, those expenses are for 2022. Okay? Now, how do we get this 18 months of expenses in there. What we’ll actually do is put in receipts for six months. We’ll put in cash balance as of June 30. Okay, keeping that right across from there. And then, what we will do is we will insert the receipts and we will insert the expenses, the proposed expenses for six months, the rest of this year, okay? And then, we’ll set up their receipts and the expenses for 12 months.

Now, that’s a lot more maybe than you need to know because most councils focus right up here on form 1 but I believe all of my councils ought to be well educated on what all goes into the process because what happens? What happens is, if you make an additional appropriation and, just for the record, an additional appropriation is something that’s not in your budget, okay?—that you want to either buy or you want to do. Let’s say we want to do an extra pickup truck, okay? In the general fund and we didn’t have it budgeted for 2021. Then, what we will do is additionally appropriate that—and I understand that you’ve done that in the past some, quite a bit—we will additionally appropriate that and that will bring in that 30,000 dollar truck or maybe 45,000 now. If you can ever get one, maybe it will be 55. But, I hear a bunch of them are parked outside of Louisville. So, um, once we get that truck and we’re able to buy it, that’s an additional appropriation of 30,000 dollars. Now, to fix this calculation right here if we do it this year. Okay? And what that will then do is affect the 12/31, the December 31, 2021 budget or amount in cash balance and so, it will come into there and what does that do here? On the form 4B, the more you appropriate here, the less you have got down here. Okay? So, additional appropriations in, in this year kind of affect the overall 2022 budget unless you’re drawing down, consciously drawing down cash balance. Okay? So, very, very important to understand additional appropriations and how they affect the process.

Now, the one other concept that we throw out a lot of times is encumbrance.

Guerrettaz

I don’t like encumbrances. I’ve seen them actually took Gary, Indiana down 20 years ago. They were encumbrance kings. Okay, they kept encumbering, encumbering, encumbering, encumbering and they didn’t have the money. The money didn’t show up. That’s why the state form actually now is there and it

forces you to pull down your cash balance before it approves the calculation and before it approves the additional appropriation. They were doing it based on upon what? That the money was coming, coming and it never came. And, so, that used to be the old process. So, an encumbrance kind of, you, you're what you're doing is, you're taking, if we do it at the end of the year of 2021, what you're doing is basically increasing your 2022 budget, right? So, you encumber something at the end of the year into this year and you say, "We can't really pay for it yet because we don't have the, we don't have the item, but it is accounts payable because we do expect to receive the item and we've got, we've got a contract for it. I looked at your encumbrances from last year—great documentation on the back of it. It showed all the different reasons and exactly what I've always promoted is you need an encumbrance ordinance. Okay? It says what we need it for and why we need it and it really kind of makes, makes if happen and makes it documented well, why you increased the 2022 budget or why you would if you did at the end of this year. But, you actually did it last year, so it increased the 2021 budget.

So, we've kind of talked about form 1's, we've kind of talked about form 4B, I left some forms out. Okay? I left some numbers out even though I'm a CPA, I usually can count but we got to go through those here in a minute. So, does everybody kind of understand how the form 4B and how this becomes an 18-month budget process, how you really have to—what you do the year also affects it from here on it and the form 1. Any questions on any of that?

Okay, let's go through. Let's start going now down the road of revenue and 2022 budget. So, the next form is miscellaneous revenue form 2. Notice I now have gone, 1, 2. Miscellaneous form 2 is really again a very, very important form, I believe, also from the Council's standpoint because what does this do? This document brings in—fire is in general now, so it brings in the fire revenue. It brings in the building, the building and planning, it brings in all of those miscellaneous items okay? It also brings in LIT and I'm going to use LIT as a very general term because LIT is divided up in a couple different buckets. It's local income tax, right? So, it brings in LIT into the miscellaneous form 2 revenue page. So, when we add all of these up, this will eventually feed into form 4B. Remember, I told you how the revenues were coming in and the expenses were coming in for the second half of this year and for next year? Now, let's explore a moment or two about what's going on and I don't really, and I don't really like it, what's going on in the income tax world here in Boone County. Since we, since we're looking here, this from year to year, all of these fees, auto excise, I should have put that in the bucket—I'm going to put these in three buckets, okay? Make it real, real easy. We're going to go three buckets of revenue, property taxes, LIT and then I'm going to call it miscellaneous form 2 revenues for everything else. Notice I said, miscellaneous form 2 revenue has this one and this one. It does not have property tax. So, here's what, here's, I'm sure you've heard this news but here's the news at this point in time. We're looking at LIT, your second biggest source of revenue, #2. That's why I put them in order. #2, your second biggest source of revenue, going down about a negative 4.35 percent. Okay? That's very, very significant. Very, very important from your standpoint. Remember, most councils spend a lot of time on form 1 on expenses. We've got to spend a lot of time on revenues.

- Garrett Greg, how sophisticated is the state when predicting LIT? What statistics? Are they doing it at the county level or are they doing it down at the municipality level?
- Guerrettaz They first do it at the county level. They now have done it down to the individual taxing entity level.
- Garrett Okay.
- Guerrettaz Great question. One of the reasons why I told all my budget clients, October is a great month to do your budgets. And everybody says, "Well, wait a minute." We did them in August. You know, before, I've had a county down in southern Indiana just beating the heck out of me, "Can't we do this earlier? Can't we do this earlier?" Sure, you can do it in August and guess what? You have no information. You have no, the property tax growth quotient really comes out in August, the LIT comes out, has just been coming out in September and your AV in some counties will wait another month for AVs. In some counties, they've been out for over a month. In Hendricks County, they just came out last week. And, so, great question and what we want to see is #1, what is it at the county level? As you know, your neighboring, you know, I do Westfield's budget, ah, the neighboring community over there—they were down 3.8% overall. Hendricks is slightly up. I look at the powerhouse counties. I call them the counties with an H with the income and Hancock County which I also do, they're up, they're up slightly. But, here in Boone County, we've, we've because of maybe COVID, which I'm going to say that was part of it, okay? But, also keep in mind, um, when you said how sophisticated are they, they are still back about 18 months, okay? So, they're still rolling their database, you know, and the fact that income tax returns were delayed has some impact. Now, what they've done at this point in time—I think you actually got the certification, didn't you, Tammy? On your LIT? Yeah, so, they are now set in stone pretty much what we're going to get. So, we are going to get this much less, okay? That's really, really important. Okay, now—
- Garrett Is there ever a true up?
- Guerrettaz Is there ever what?
- Garrett I mean, is there ever a true up?
- Guerrettaz Absolutely. Matter of fact, you saw that true—I don't call, I don't, I'll call it a true up, I'll go that route with you. What they do is a supplemental distribution.
- Garrett Okay.
- Guerrettaz And, the supplemental distribution is a one-time supplemental distribution if your trust balance, remember there's 92 trust balances for LIT in the state of Indiana. 92 counties, okay? Then, there's sub in some of them, there's sub trust balances because there's special purposes. We're not talking about that here in Zionsville but there are special purpose ones. So, the 92, the Board of Finance comes by usually before April or May. They usually sit down in April or May. They're mandated to look at those 92 trust balances. They apply the new formula. The old

formula used to be six months of balance. The new formula is about 90 days' balance. They look at that and then they make recommendation and last year we had about half of the counties, maybe 45 out of 92 that got the supplemental distribution and I believe you did, too. And, I think it was to the tune of about a million bucks, wasn't it? 1.9? In total. Okay.

Garrett Is that inclusive of the public safety LIT?

Guerrettaz It included the public safety LIT.

Garrett Got it. So, they were pretty off last time?

Garrett I mean, our budget is 30 million dollars, a 2 million dollar supplemental, that's a, that's a pretty sweet mess.

Guerrettaz Yeah, I guess, you know, if you know if you add your 13, if you add your 13 from your general fund, and your other, yeah, I, I, you know, I think, you know, it was off as the county as a whole. Now, remember, that was pre-COVID dollars. Okay?

Garrett Sure.

Guerrettaz Okay, that the database was reconciling and so, at that point in time, yeah, it was, it was, your balance grew, returns came in and there was a lack of data for about two months because the returns were late. So, yes, in that case, they were. I don't think the trends in the past have been, that they've been off that much.

Garrett It's just, it's just interesting to me that like a Hancock County is seeing their LIT revenue go up.

Guerrettaz Slightly.

Garrett Slightly and we are, I'm just, I'm surprised that we are seeing that regardless of COVID, that dip, given the demographics of Zionsville relative to the demographics of Boone County which are totally different if the state is making predictions based on a broader Boone County number, I feel like we are going to be getting less until we get a true up and that budget's going to reflect that. Can you, do they provide supporting information? Can you appeal that number? Is there anything that goes on around that?

Guerrettaz Okay, so that was a couple questions, so.

Garrett Yes.

Guerrettaz Can you appeal it? No.

Garrett Okay.

Guerrettaz Do they do it? They do it on Boone County as a whole, okay. So, there's, and I love getting into these weeds, so let's go.

Garrett Well, I don't want to get too far into the weeds because we have other stuff to do, but maybe we can talk online, but I, I just. If we're being dictated by Boone County, I feel like that it is a misleading indicator.

Guerrettaz So, looking at the county as a whole which I agree with you. I don't think we have the same flavor here as we have elsewhere. In Hendricks County, I can see it because Brownsburg, Plainfield and Danville. And, in, um, now I was really surprised, Hamilton County went down 3.8%. But, back in the old days, the Indiana Department of Revenue's computer used to give you better income information. It had better breakdown. I actually have it on microfiche back since the '70s, okay? And, that, that showed when I looked at it back in the early 2000s. Hamilton County had a lot of bonus income in there. Okay? That, almost a billion dollars, almost 800 million to a billion dollars of bonus income in there that was paid out and separated in the database and actually that's what I believe that did not come in last year or the year before. I don't know about you but I have not heard very many bonuses being paid or at least in the levels that they were in the past. So, I think that's what you—I beg to differ—that's what you saw some here in Boone County. I thank God for that's what we see in Hamilton County and in Hancock and Hendricks, you just keep plowing. It's kind of a plow horse. They just keep plowing along and gaining more people and the income just. So, it doesn't, doesn't surprise me. Now remember, when I say up, I think they were up about half of 1% but that's a big difference between a decrease of 4 and an increase of 1%.

Garrett And, you, I mean, Zionsville is growing, too, and growing with well, um, but you said this is what? Three years in arrears or 18 months in arrears. In other words, it's not going to, it's not going to necessarily catch up to someone that moves in last year. We may not reflect that in the LIT revenue, correct?

Guerrettaz Correct.

Garrett But it does eventually catch up, right?

Guerrettaz It may or may not.

Garrett So, a dollar paid in LIT by a Zionsville resident will eventually get to Zionsville when the state catches up. Is that a fair statement?

Guerrettaz Now remember, let me, let me put down, how's the pie of Boone County divided? Okay. So, how, how is the pie of LIT divided? And, so, in other words, your share, how do you get to your share? Remember, your share is based upon the levy, okay? Not the amount of population and not based upon the income of Zionsville, okay? Remember, that's what Representative Thompson has been trying to do for years is give each municipality the right to create its own income tax rate and the state database can't do it yet. It will probably, hopefully in a couple of years. And, so, the amount of property taxes that you levy is the amount that you get. So, if you levy in essence 8 percent of the total, you get 8 percent of the income regarding of your population and regarding of your income. Okay? So, it is truly the county as a whole. So, if you have a neighboring community that's growing by gangbusters, they get something called, I'm sure you've heard of an annexation appeal, okay? I always tell everybody, we educate

our clients that if you do an annexation, be sure and do a proper fiscal plan and Adam knows and his firm knows what a proper fiscal plan is. We've seen in the past in annexations what people have done is said, "Oh, we're going to annex this, you know, we're going to annex this church" and I know because of your consolidation and stuff like that, you're a little unique but if you annex this piece of property and it's very, very small in relationship to the entire city, we like to look at it as an incremental cost approach, okay? Each little annexation, be it small, be it voluntary, be it involuntary, which is very, very tough, it will add an incremental cost to your budget, okay? Each little increment adds up, okay? Whitestown and some other, of the other entities, have been filing annexation appeals and what we do is we say, when we look at this, we say, the revenues, let's say, I'll just make up an example are going to bring in a hundred thousand dollars and what we do is when we do our incremental cost approach, usually what we'll do is we'll say, expenses will be about 90,000 dollars assuming they're well-priced, they did pay for themselves. Okay. Then, what happens, we do this each and every time in Westfield and then, what happens is this 90,000, remember this pie, I told you about, about LIT, okay? This pie, once you go down and file your annexation, this little piece of pie will go up by 90,000 dollars in levy which may pay you, let's say, may pay you 30,000 in income taxes. Okay? So, if you're a growing community in the county, counties can't do this but cities can, they annex, they are able, they annex and we do it, I have an annexation every month, at least a couple every month in Avon, Indiana. I have a couple every month in Westfield. And, so, we're our base of AV, we're growing our base of property taxes and then, what we're doing in growing our base of LIT. There's not too many other ways to do it.

Garrett Are they physically annexing land to do the annexation appeal or is that just a mechanism that they're using, like are they annexing neighborhoods and land in order to then file that appeal to get that bigger slice of the pie?

Guerrettaz On most everything. Most of the time it is a cornfield that's going to become a subdivision. By the way, we take, if you isolate your annexation appeal and say it's a cornfield, it's not going to give you anything but we really sit down with a developer and we're doing this up in Cicero, sit down and say, here's what it's going to cost once this subdivision goes in and we want to match the revenues and the expenses, okay? If you don't do that, you're just going to bring in AV and drive the tax rate down which means you'll still get the amount of revenue but you won't get anymore LIT, auto excise or anything else, okay? So, you gotta have an overall, remember I told you on that, on that, I'm going to call it the webinar, on the webinar, I told you, you gotta have a three- to five-year outlook because this ballgame is working against you about every other day, okay? If you're really not, if you don't really have a grip on it.

Okay, so, now, let's go back to our revenue. I told you what's going to happen, and this is going to be a speed bump for us, no doubt about it. This is going to be a pretty big speed bump. Now, you guys have a concept of, Council has a concept of a balanced budget and boy, do I deal with this around the state of Indiana constantly. A balanced budget, I'll agree with everybody is revenues minus expenses. The problem we always run into is expenses sometimes exceed revenue. Okay, and the question is, are they going to exceed revenues for capital and you're going to find in Westfield, yes, they are. This year, in 2022, we're

going to exceed revenues by capital because we're going to do a controlled spenddown of our cash balance, okay? Notice I said a controlled spenddown. What does that mean? That doesn't mean we open the floodgates for the next three to five years. What it means is we're going to deal with this on a year-by-year basis and look at how much we want to draw down cash. The most unbelievable thing to me right now—I'm, I guess, pretty conservative with my money—is that people can't stand money in their pocket, especially municipalities. Now, the other problem is, is that they also have wage pressure is enormous right now. I am doing more matrixes and more, more wage studies and things like that and half of them I'm tossing out but the wage pressure is enormous, not only in municipalities but everywhere else, okay? And, so, giving, #1 priority is giving a payroll increase. I think that's going to probably have to be ours.

Now, let me go to the property taxes. Am I boring you to death? Is this making some sense?

Garrett It makes sense, a little boring at times but it's okay.

Guerrettaz Pardon me?

Garrett It's a little boring at times but it's okay. We're getting the picture.

Guerrettaz Okay, I'll try and lighten it up. Okay, let's go to property taxes. Anybody understand what's that's going to up? How about 4.3%. Your, your first biggest source of revenue is going to go up at least a positive 4.3%. Now, the good news is, good news/bad news, that's one of the higher ones that we've had. Okay, why? Remember the growth quotient on property taxes is based upon the man on the moon. Not really. The growth in property taxes is based upon the rolling non-farm payroll over the last 60 months. Now, there'll be a test on this later. So, that is updated each and every quarter, non-farm payroll. So, what does non-farm payroll have to do with the increase in property taxes? Not a lot but that's what was chosen. There used to be a discussion about creating actual growth quotients for each county. That was a 92-page nightmare and then so, they scraped that one really, really quick and they went back to the state growth quotient based upon the non-farm payroll rolling 60 months. Okay? So, it means it's always going forward. Well, guess what's up? We got rid of a couple years ago, you might say, well Greg, it was about 3% a couple years ago. Yes. That's because it had a couple negative numbers on it on the downturn. Now, with wage pressures probably the growth quotient on property taxes, unless somebody changes it, is going to up in the 4%, okay? So, you've got a +4, a -5 and, by the way, I calculated, we calculated, Tammy, the +4 was on property taxes for the general fund was how much? I've got it here someplace. I think, they're basically a direct offset.

Havard Property tax approximately 550,000.

Guerrettaz 550? Okay. I got to keep moving. My marker is drying out. Okay. 550. And, LIT?

Havard 630.

- Guerrettaz Okay, sorry. I have allergies sometimes. Affects my ears. So, we're got -600, +600. We're about in the same spot on revenue. Okay? Now, point well taken subject to a reconciliation or a true up. But, that may not be coming to a theater near you until about April or May next year. You notice I said May.
- Garrett Are communities, Westfield, for example, you mentioned was down in LIT. Are they up in property? Are they seeing the same offset or because they have a higher commercial base, is that offset with the property greater than the LIT aggregate, does that make sense?
- Guerrettaz Yeah, it makes total sense. But, I've got to educate you again, not on annexations but about—well annexations. So, about ah, maybe now, seven years, maybe eight years ago, Westfield did that major annexation, you know, how Carmel and Westfield were trying to collide and they did a major annexation of the southwest area of Westfield? Mayor Cook came to me and said, "If you were king for the day and wanted to change something in the statute, what would you change?" I said, "Ah, ha, one thing." And, he said, "What's that?" And, I said, "The growth quotient." The growth quotient we're running at is around 3 percent on property taxes. Your AV growth is running about 12 percent. If you continue to try and fund 12 percent with 3 percent growth quotient, this is the growth quotient, okay? Where will you be? You'll be basically, you'll be running, you'll be chasing this for the rest of your life, you'll never catch up. So, he said, "Okay, what would you want to do?" I said, "If we have something like this, then our growth quotient ought to be something like this." Okay? Match it. Now, what does that mean when you have new AV come in at 12 percent growth quotient, you get to raise your revenues 12 percent and you have a matching of accounting, sorry, we're having a matching of account, of revenues with AV and, therefore, expenses because we knew the expenses were going up 12 percent. You need more police officers, you need more this, you need more that, you need that. So, you have to keep in the ballgame. So, what we got was, we got the statute changed and there actually is a two-tier growth quotient now. And, a two-tier is, most of the, most of the non-highly growth people are 4.3 this year, we will grow, everybody, everybody likes—Representative Buck put together for us and we got it passed and then everybody has been trying to torpedo it ever since. Okay? It's been help—it's what Whitestown's been using, too, by the way, very, very aggressively. It's going to help me maybe in three places this year. Westfield, Whitestown and Avon, Indiana. They grew 16 percent.
- Garrett What's the minimum threshold to qualify?
- Guerrettaz Here, here, here it was. It was at least in three years having something less than, something more than the growth quotient in consecutive three years. Now, they have said that your population from last census to this census has to increase by 150 percent. Now, someone is now interpreting that, that 20 needs to go to 40 and 40 needs to go to 50. So, your last census needs to be 20 and your next census needs to be 50. That's outlandish growth. I don't think that's 150 percent in our view. So, at this point in time, your census would have to grow that—you don't qualify.

- Garrett Even with the reorganization—I mean, if you look at our 2010 census and then we did the reorganization, I mean, our population almost doubled with the reorganization, we’ve grown since then. Have we looked at what that number is?
- Guerrettaz Okay, how about, I’ll take a look at it. I don’t know. Tammy could probably do that by now. What was the population in ’10 before and now with the larger area?
- Garrett With the reorg. Because I think the population was like only 12,000 in 2010 and now it’s 30 because of the reorganization.
- DeLong 14 and 25,000. Then, 29.5.
- Guerrettaz Yeah, so by the definition of 150 which we don’t agree with and I’m going to take it to the mat.
- Garrett I don’t agree with it either.
- Guerrettaz And, I’m even, I’m going to propose another statutory change if that’s the case, an interpretation of that 150. And, by the way, it seems as though certain analysts become king for the day and can get to interpret things, and I don’t like that. I think there was an inter—I mean, come on, if you grew that much from 50 to 100, or from whatever, then you ought to be able to. So, you bring up a great point, hey, and I’m also willing to try anything at least once. All I usually do is get a ‘No’ and maybe a you-know-what ‘H-e-l-l no’ but, you know, that, that could be.
- Garrett Well, I’d like to try it and I’d like to and, Adam, whatever we can use within our law firm to talk to that because we are in the same point boat. We can’t keep growing at 10 percent a year and having 4.3 percent growth quotient because, and we’re seeing that then in the services we can provide.
- Guerrettaz Yeah, now I didn’t, your AV and help me out here because your AV only grew 5 point something percent, okay? And, so, this year, you did not have—I’m going to say around 5.4 so your AV grew 5.4 percent roughly. And, so, you did not translate into a 10 percent growth quotient this year. So, historically, have you—I’ve got it in my numbers here, my sustainability, I’ve been looking at it—and, uh, do you know what it’s been historically?
- Garrett AV growth?
- Guerrettaz Yes.
- Garrett I don’t know what that’s been.
- Guerrettaz Okay.
- Garrett I’m looking at Wayne but I don’t know if he knows off the top of his numbers. Now, we’re looking at, Tammy? Everyone is looking at each other. And, maybe it’s not that high but that’s a lot of pretty high-dollar projects coming online here.
- Guerrettaz Yeah.

- Garrett It just feels like we're always getting screwed. We donate to the county. We donate to the state. Like, I want some of this money back.
- Guerrettaz So, your AV growth in '18 appears, subject to check, 6.6; '19, 5 point or 3.5; '20, 5.76; '21, 6.10 and '22, it's 5.21. It's 5.21. So, we'll have all this in our sustainability packet. So, you've been about 5 to 6 to 7 percent growth at best. Now, um, the mayor of Shelbyville can't believe he's only growing at 3 or 4 percent. So, he goes over, I told him five years ago, "Go over there and sit with your county assessor, make sure the databases are right." We're now running database of values, values being both home, commercial and retail and we're seeing that those percentages are increasing. And, guess what? We're tracking right behind the assessor to make things, to make sure. We have found things that have not been on and we have found some bumps in the road that we've had to correct. So, it always pays for you to do a deep dive and get poll database, have to do a database analysis and check your AV, okay? Because things happen. The worst thing you can do when you do a TIFF District is let thing become a fine wine and review the parcels because they get dropped. All the time. Okay?
- Garrett Is that something—I know that our finance group has a lot on their plate, right? I'm assuming you're not doing that to Tammy, I mean, that's something we can get started doing?
- Guerrettaz I would do it on all TIFF.
- Garrett And, is that something—if we could spend 100,000 grand to do it and get 300,000 grand out of it, I'd spend that money in a heartbeat.
- Guerrettaz Exactly, but there are no guarantees.
- Garrett No, I understand that, but based on past performance, I'd be willing to listen to a —
- Guerrettaz Yeah, I think based Number 1, you've to stay up on it and the pressure, once you do, the pressure kind of gets there and things don't get missed as often later on, so there's some preventive medicine and there's some immediate medicine.
- Garrett Yeah.
- Guerrettaz Okay? If you understand what I mean.
- Garrett I do. We can talk offline, Tammy.
- Guerrettaz So, you know, that's the important part because, you know, that, this is, this is our engine to ever achieving down here but you only appear to be in what I call, you know, you're in the, you're above a lot of people, but you're in that middle.
- Garrett We're stuck in the middle.
- Guerrettaz Yeah, you're stuck in the middle churning water.

- Garrett Yes.
- Guerrettaz Okay.
- Garrett So, let me ask you then, if—what Mayor Cook asked you—if you were king for a day in Zionsville, what would you do?
- Guerrettaz Number 1, I think the growth quotient ought to be tiered. First of all, the 150 percent, let's scratch that. The growth quotient ought to be tiered where you are allowed, you know, maybe Tier 1 is the growth quotient of 4.3, the growth quotient for these big boys that are growing by leaps and bounds, like we said, Avon at 16 percent, you know, that may be one of the leaders this year. I'm kind of surprised. Um, I haven't seen Whitestown, though. So, having something in between so you can match your revenues and your expenses, okay? And, things like that. And, then I guess—and remember, I've only been doing exploratory surgery on you for about six months now, or three or four months, so I'm not deep in your weeds—but I can be your best partner in partnership. Okay? And, things like that. So, you just gotta tell me where you want to go, the mayor and you as a group, remember I'm a big, I'm a big, everybody's a stakeholder. Everybody's got to be all hands on deck for anything that we propose to help us in the future or in the past, we've all got to work as a team. If we're not going to work as a team, we going to churn as much water as we were before. Okay? So, that would be one right there and I think you hit the nail on the head.
- I want to go back. I drive around Indiana all over. I used to all the time. Now, I do Zoom all over. But, uh, you know, I want to think about the—you got the income tax problem, there's no doubt about it or challenge. I learned, somebody gave a town 500,000 dollars if I would quit using the word 'problem' so I call it a challenge because they got 500 but it's a challenge if you've got the income but you're not reaping the benefits, okay? Now, unfortunately, probably the only way you could correct that is with, by Representative Thompson's income tax specific to municipality, that's a little ways off and that may be a political nightmare in certain ways. We really, once we get that tool in the toolbox, that's going to be a really tough tool, you got to be careful.
- Garrett And, is that proposal another tax on taxpayers or is it just recouping more dollars taxpayers spend at the local level? I don't want to tax people more.
- Guerrettaz The way I've always understood it, it's taking the current income tax, if, if it's a, I've got it in here in the sustainability, too, so let's say it's one and a quarter in the county, everybody gets to start at one and a quarter and then you get the ability to increase from there.
- Garrett All right.
- Guerrettaz But, keep in mind, that the expense component in the statute says 2.5 percent so you can never go higher than 2.5. Now, we have food and beverage here so that's not a tool in your toolbox. And, you know, so being able to maybe implement other things, ah, like economic development agreement and things like that in the future is something you want to think about. And, so, because why? Guess what? What did I tell you back here, remember this? We're going to have a test on this

later, I said. We've got three sources of revenue, right? We already heard what's happening here, we already heard what's happening here and right here is going to matter for everybody in the future. Okay? And, that's all those auto excise, that's growing your population, auto excise based upon the levy, based upon other things, your tax rate, you know, being able to grow your miscellaneous revenue. Boy, wouldn't it be nice if we got more than a dollar of interest income for all of our Zionsville money? And, we've done something about that. We've tried to do the RFP and all of that, trying to earn more but we need Janet Yellen and what to yell, interest rates are 3 percent and then we'll all be better off, at least as savers. Okay, and that's the way I'm looking at it is from the interest income standpoint. If that came back to where you were—you know, I've got that detailed, too—that would help some. So, our, our, our basket of revenue and I met up with the department heads and I heard need after need after need after need. And, I'm not, I'm not here to arm wrestle with the because I think they're there, we're going to have a little challenge on the revenue side, okay? A fairly big one. And, so, miscellaneous revenues may be a couple hundred thousand here if you want to depend on it and I'm not meaning, uh, I'm not meaning, um, things like the supplemental LIT. I'm not depending on that, just can't, it's a one-time source of revenue.

Garrett Is that 200,000 an increase or 200,000 as a total revenue?

Guerrettaz I'm going to say an increase and that would include food and beverage and things like that, auto excise, you know, fire chief's doing his job, you know, planning department's doing their job, you know, making sure all those fees are up to date and things like that. Last thing you want to do is your planning fees to be older than two years because everybody's changing and, you know, we've got to pay for that department. So, that's what's happening on the revenue side and notice why I want to spend so much time there, okay?

So, on the expenses, Tammy, do you want to kind of, do you want to kind of go over a little highlight on what the, the expenses—the main ask is for 4% payroll increase, correct?

Havard So, last year during this budget cycle, we came to Council and we wanted a 3 percent increase for staff. What we settled on due to the revenues not being where we wanted them to be, was a 1 percent increase for staff. So, in addition to what Greg refers to as the market basket of increase just across the state, then, we would propose that the 4 percent be a catchup from last year as well as try to make some headway towards just the general inflation.

Guerrettaz What did you give last year?

Havard 1.

Guerrettaz That's what I thought I heard. And, so that's what, you know, I cautioned everybody, a lot of people didn't give anything. And, now, they're playing catch-up, 3-5 percent. I've got some outliers, 6 and 7. I've got some counties going up 18 percent for police officers. Police officers will have an enormous pressure even on cities going forward. If you can even get one. And, that's the biggest thing. I've seen people getting 40 candidates and that boil it down to one. So, you

know, the, that's what I mean by the wage pressure. And, do we want to talk about the true rate of inflation? Has anybody gone to Kroger's or wherever your favorite food store is? Guess what? It's not 2.5 percent, is it? It's not 4.5. And, and, it's going. What I call the true market basket is more about 10 percent. And, I kind of sit down and do my own calculation. Electric bills. I work up in, with the five biggest utilities in the state of Indiana, we're going, the cost of gas and all of those are going up quite a bit. They're going from 2 dollars to five. And, so for this winter. So, your electric bill, there isn't a thing that's not going down, that's not going up. So, we said that, now I also note, you know, there's police officers needed, there's firemen needed and things like that and, you know, fire personnel, I should say, I'm sorry, old guys. Um, so, you know, those pressures are coming but there's no doubt that right now we're at a level where it's kind of like the demand for services is outstripping the revenue. That's kind of our phrase that I use. The demand for services are outstripping the revenue at this point. We have a little speed bump we've got to get over here.

Now, do I believe that, you know, Boone County is going to stay down a negative 4 percent or, in income taxes, this is where you build, I can't say enough about cash balances. Cash balances are very, very valuable and very, very important. Moody's S&P, you know, says a minimum of 25 to 30 percent cash balances and, like I told you, the biggest thing going on in the state of Indiana right now is, you know, we can't stand cash. You know, people want to spend it. And, so you do need to maintain at least 25 to 30 percent if you want to, 30 percent, if you want to maintain your credit rating which if you ask a few people recently that got, you know, Plainfield got downgraded for a couple reasons but, um, one of the reasons, you got, by the way, the team should always work together, that's an important point. And, so, you know, those cash balances are important.

Now, when we look at CCD, we don't necessarily need cumulative capital development fund for some of you that I use those terms, CCD, you don't really need 25 percent in there because you're scheduling CCD, cumulative capital development for your leases, for your equipment, for your purchases so that should be a five-year capital improvement plan. Okay? And, that's what should play into CCD. And, then you don't have to keep a bunch of extra but you sure in the heck need to keep your nickel and we did that. We did a reauthorization and, thank you for doing that, you gotta keep your nickel. Each and every year, we tell everybody to renew their CCD rate January or February because what happens each and every year due to the trending of AV, they will drop that nickel down, you know, it will keep going down by the trending of AV. If AV goes up six percent, they'll trend it down six percent. Six percent of five pennies may not be a lot but you lose that not only on your entire AV but any growth in your AV. So, you'd lose it on your six percent, too. That's not a good play. Okay? If you know the game and you talk to one of your accounting people, don't get confused. They have presets; they don't have a nickel so you want to keep your edge at a nickel and keep it always there so you get it on current growth and future growth. And, I like to say, you know, when trying to keep the, the best thing you can do is keep your tax rate stable. I think whipsawing the taxpayer up and down and all around is not good. I don't like it as a taxpayer because I pay mine right up front. And, so, you know, you want to be able to budget those numbers and if you're going up and down and all around doesn't help. So, we like to say, keep that tax rate, in Hendricks County, we keep talking about 33 pennies. Keep your 33 pennies. And, here you've got your total tax rate.

So, um, so the expenses of 4 percent payroll, school resource officer, that was really high. I think we're going to be down to as really prioritizing our form 1 budget ordinance expenses, prioritizing those and, you know, at this point in time, I'm not looking for too much more information. So, I think Tammy and I can give you, once we get the rest of the form 4Bs and I know she was working hard, even over the weekend because I was in the office over the weekend and we were emailing back and forth and, uh, I think we've got a real good start on Gateway and we're going to be able to hone in and give you, you know, I keep trying to, trying to find, uh, some better news because I talked to, I talked to the department heads and I know the demand for services are high, so I understand that. I think, you know, as we move forward, you know, I'd like to, additional appropriations are capital items. I guess I'd like to spend a moment on that.

Capital items. I like to say if you want to—and I've seen this—I've seen people say the only way we're going to do—we want a balanced budget so we want our operating expenses to match our operating—our operating revenues to match our operating expenses exclusive of capital, okay? And, so, we take the capital out and then I divide the capital into two components, one time and then what I call kind of pay as you go, okay? So, pay as you go, I say, for instance, CCD. That comes out of CCD. Okay? So, you build up your nickel. You have your nickel each and every year. You pay for your capital items with the nickel. As far as I'm concerned, sometimes CCD might grow by a million and then you might expend it down by two million because you had a three-million dollar balance and you're expecting one million in revenue and you had a three-million dollar balance, so one year you might I say, I need to bring in two. I call that an increase in the pay as you go, okay? I don't call one time is something you might bond for, something you might appropriate cash on what I call internal spenddown, um, um, and you might say, I want to bring down food and beverage or I want to bring down general fund for this one project. And, I think you were trying to think about doing that on a park project if I'm right and, but remember, your general fund monies are so important and cash is king, I like to say right now and it's very, very important and we want to be and we want to be very cautious about, you know, you want to be very cautious when you do a controlled spenddown of your general fund because guess what? You might have a revenue going up 4 percent and revenue going down four percent and you may have to adjust certain expense needs. So, that's what your cash is there and you want to always have that for that. So, it, it, you know, you can decide if this is one or two bumps in the road but that's one of the very, very important things.

Getting back to the revenue thing, um, you know, for instance, you have a sewer utility, you don't have the water utility but you do not do a payment in lieu of tax from the sewer utility. Payment in lieu of tax has been around for a long, long, long, long time even if the IURC, payment in lieu of tax is PILT and that's basically where you charge based upon the formula calculation of the estimated AV of the sewer utility—we do that all the time—times the tax rate and, let's just a dollar by a dollar fifty, then you basically have a payment in lieu of taxes of 100,000 dollars or whatever and that goes to the general fund. And, helps support the overhead of the mayor supporting the general or the super utility council dealing with super utility and things like that. So, that's an old concept, IURC granted it many, many years and it's one tool in the toolbox you're not using. You know, so there's some things like that and allocation of payroll and things like that, keeping your golf fees up, I know the golfers won't want to hear that but there's some things that we need to kind of set down as a priority to look at every—I call it fine wine in the miscellaneous revenue section and making sure there's not a fine wine that's grown really good but it's because it's really cheap.

Garrett Hey, Greg, you talked about appropriations, um, and we did and have taken appropriations—

Guerrettaz Additional appropriations?

Garrett Additional appropriations. We have taken that approach, that balance of taking proposed deficit spending and balancing it and then doing appropriations. You said, cash is king, and appropriations go against the balance. I feel like every

time that there's a request that comes before this Council for an appropriation from the administration, the answer is, "We've got plenty of money, no problem. Huge balances. We can afford this." So, it's concerning to me or confusing to me that I feel like every time we're asked to write an additional check for a one-time thing, we are told that we have plenty of money but then, here in this balance or in this budget presentation, you are pragmatically cautioning against spending much money right now because of some of the concerns with the LIT. So, I'm, how do I reconcile that?

Guerrettaz So, I don't think I went that far. What I said was, let's do a calculated, controlled spending, okay? If we, you know, the pressure for four percent is enormous, okay? If we consider that a one-time spending or if we consider that a one-time speed bump, then our income taxes will increase as we go which I think, you know, that's fairly, you know, I'm comfortable that it's going to come back, then it's a controlled spenddown and, for instance I believe in 2020, you had a whole year's budget just in the general fund in cash. That's 100 percent; that's not 25 percent; that's 100 percent. And so, you are comfortable in your position, notice I didn't site extraordinary in your position—I've got some people that have got a tremendous amount of money—but, ah, you know, there is a, I'm going to agree, there is a nice balance, okay? So—

Garrett All right. So, let me then, if we've got a nice balance, why is there so much detail or concern about being down 500,000 dollars in revenue if we think we're going to bounce back?

Guerrettaz You know--

Garrett I feel like I get mixed messages. Like you're now telling me—

Guerrettaz I'm not trying to give you mixed messages. What I'm trying to give you is the complete story.

Garrett So, should I be worried about the dip in the budget or should I look at it as this is just a blip, it's going to come back, we have plenty of money in the bank so let's go ahead and do what we need to do?

Guerrettaz I think I'm, that's what I'm charting your course, okay? I believe we do, we do have strong balances. I believe we had them, we have them to weather our storm and now I'm putting together the sustainability to look out five years and here's the next tool we need in our toolbox. We need to look out three to five years and see what do we need in order to achieve this and what would be the controlled spenddown of the cash balance and guess what? That's where I'm working like really hard in the back room. So, Tammy's getting the 2022 budget. We've got the 2021 budget. We're going to be projecting forward for the next five years. I do not see you even at, maybe you might be at 50 percent in five years with certain assumptions. Okay? So, I'm saying it's not a red light, it's not a green light, I like to use the racing analogy. It's a yellow light, proceed with caution. Okay? I gave you the complete story so that when you, when you get the sustainability document, once we get the 2022 budget pinpoint, we'll also know where we're going out there in the future. The worst thing you can do is stay with the state of Indiana's 18-month process. They'll tell you; that'll only get you in

trouble, okay? So, I'm setting you up on what we need for revenues or what we're seeing in revenues and what we then need turnaround in the sustainability which I think we'll see that.

Garrett So—

Guerrettaz Does that help you?

Garrett Yeah, I mean, you mentioned that municipalities have a tendency to spend a dollar in the bank. I don't have that urge. I'm happy to save money for unknown times like now. Um, so will we see that sustainability piece as a—will we see the budget today?

Havard We will have it for the next—

Garrett Doesn't sound like it.

Havard We have our next budget workshop scheduled for October 1. And, at that point is when we will have sustainability with that lookout as Greg mentioned. We are gathering information every day on revenue predictions and, and that information that is critical to the sustainability plan. With the municipal finance and how this information comes in, one day we'll get great news and we're up, you know, the 1.9 million dollars and then the next day, we'll get news that our LIT revenues are down 1.9 million dollars, right? So, it's an ongoing process that we're working through. The budget adoption is on October 18 is the adoption consideration and we do have until November 1 to adopt the budget. So, we do still have time to get all this information. We will go ahead and publish the form 3 which is the overall, we will not exceed these budget amounts, um, and these tax levy amounts and that will be on September 24 and that will be on Gateway and I'll also send a copy to Council. And, then, we'll work within those numbers to work on the detail that will also be presented in the sustainability plan as Greg mentioned which is super critical, that we're not just looking at one year in a vacuum, that we are looking out and watching those cash balances and what the decisions that we're making today will look like in the future.

Garrett Got it. So, am I—I appreciate, Greg, the background but am I mistaken when I thought the budget presentation was going to be like the presentation of the budget? I mean, the topic here is budget presentation. This is more education on how the budget works.

Havard Correct. This is setting the stage. And, I have talked to Amy Lacy, and the budget introduction as your first reading would occur on the public hearing date with the second reading on the adoption consideration. This revenue news kind of made us relook at the information that's being presented. We didn't want to present more than what we absolutely needed. And so, we do need additional time to go back and, um, talk to the departments internally and then come back with those detailed form 1's and project them out in the sustainability plan.

Plunkett Tammy, how much will we have once you are able to present the final budget to us to adopt that?

- Havard Yeah, so, the budget, the information in the sustainability plan will be available on October 1 and Amy will also set up the Round 2 meetings with the Council liaison from the departments for next week before that October 1 date so if there are any comments and feedback from Council on those individual budgets before we get to that sustainability plan, then we would have time to work on that. So, you'll have the sustainability plan in hand on October 1 and right on the 18th, so 18 days would be before the um, the earliest the adoption consideration would be. But, if we need to, like last year, we had another meeting on October 29 which, before that November 1 deadline. So, we could absolutely have a special meeting to adopt the budget if you do not have enough information on the October 18 meeting.
- Plunkett Thank you.
- Garrett Tammy, I get the *Current*, I get the newsletter that comes out everyday and they sort of talk about what's going around me, the northern suburbs. For the last month, I've been seeing stories of mayors coming and presenting their budgets to the councils. Why are we not doing something until the 1st? Like, they must have the same revenue concerns or unknowns as well. It seems as if this is such a compressed timeline for us.
- Havard I can't speak to the, the other communities. But, the departments could at the October 1 meeting with the liaison and everything like that be able to present at that time as we did in the previous year.
- Plunkett I guess. I guess my understanding was this was, through email communication, this was supposed to be a high-level budget presentation. And I, and what I struggle with is since 2017 being on Council, with the exception of last year and this year, we have had department asks and requests by August regarding of revenue. Then, we dealt with revenue as we needed to. It just seems like the requests, the needs, the budget is, is a really, really difficult ask.
- Havard So, if you recall, we did have a meeting earlier on where Greg alluded to, we had that Zoom meeting where the departments did present their requests for the additional personnel and additional capital and we went, we did go through all of that earlier.
- Plunkett I agree. We had the requests for the additional stuff. My, my, where, where I'm struggling with, um, with this, number 1, my understanding was this was supposed to be a budget presentation. And, two, again, it seems like we should have whatever the fire department wants now because you guys have seen it. I mean, Greg stood up here and told us that he's seen it. Like, what does everybody want now, line by line, what they want and if it's over, it's over and then we just work out everything. I guess, I just don't understand why we don't have that info. Am I missing something? Did you expect that or am I out of line here?
- Garrett I thought that's what we were getting tonight.
- Plunkett Ah, man. Frustrating.

- Garrett Any other questions, councilors? Greg, is there anything else to add? Or Tammy, anything else?
- Guerrettaz No, sir. I think that's it and I think, keep in mind, that, you know, on the budget, there are a tremendous amount of asks and I think what Tammy has been in the process of doing is, she's gotta work, she's gotta bring it down and bring in the wish list. Remember, it's the mayor's budget and she's got to, we've got to get it within the confines of that.
- Plunkett I think it's also important as the fiscal body for the Town of Zionsville to understand it's our budget as well. So, if there are things that departments want, whether it's, whether all of a sudden, the fire or the, the police department triples their budget, I feel like we should know that that's a request that they have. Like I feel that we should know this information and we're not getting it.
- Garrett Well, it, it shouldn't be that hard because in reality, this is every budget in every company and every municipality ever. It is this department has unlimited wants, they want 10 million dollars of things. And, there's a demarcation line that says you can afford up to this point and anything below that falls off the list. So, I would think it would be pretty easy to say the police budget is expected to be two million dollars. Chief Spears wants 2.5 million dollars of things that are 500 grand he can't get. If it turns out, it's 1.8, there's another 200 thousand dollars in things he can't get and if it's 2.2, there's 200 thousand dollars more than he can get. And, there you go. If the revenue number is kind of waffling up and down, it just waffles up and down what the needs are and then we can determine and say, well, you know, we're actually going to give you an extra 500 grand, we're going to go into deficit, you can get those things because you've made that case. I just feel, I don't understand why it doesn't work that way.
- Havard And, we did when we met with the council liaisons, the department heads, the council liaisons and finance, they did present their total budget. During those meetings, their current service level as well as their additional requests. During those meetings with some of those council members we got feedback that that should not be pro—some, some items should not be proposed as part of the budget and that was the purpose of having those meetings and Amy is scheduling that second round so I believe the council liaisons do understand the full request of what the departments had requested and then, as Greg mentioned, then our job is then to make it work within the revenue and to look at the sustainability plan and to make cuts ourselves on, between the departments, that the departments can determine some of those priorities on, we're going to hold off on this year on this personnel but next year and kind of talk internally on that and present that.
- Plunkett But, some of that stuff might be relevant to councilors, like some of that stuff might be important to our districts or to the stuff that the folks that we represent. I guess, my question is why is it a secret? Why can't we have what you guys have? Why can't get, if, if the fire department wants a tanker and you guys are pulling that tanker out or they want to do something in Perry Township and you're pulling that out, Craig may be passionate about something in Perry

- Township. Like why our, why do you guys get to see what the requests are but we don't get to see it until you guys scrub it?
- Havard So, operationally, the administration is looking on how to provide the services—
- Guerrettaz And what priorities, right?
- Plunkett I understand that but my point is like what if, if I'm doing—I guess I don't understand why you guys again, I'm, it surprises me that you guys would not want to share and disclose this with all of us so that we can work together on what each department wants. You guys have the answers. You guys have the requests, the wants by each individual department head and we don't. To your point, in my meeting with the fire department specifically, I got four bullet points on high level in addition to last year. That's what I got. I didn't get the total budget. I got whatever last year's budget was plus this year. I didn't get line by line for last year. I got whatever last year's was plus this year. You guys have that information and that detail. I don't understand why you wouldn't want to share that with us. So, that we can help get to—am I, am I missing something here?
- Garrett No, it's the same thing we went through last year. The exact same thing. And last year, it was a new system, new administration, it's the same thing. It's frustrating.
- Plunkett If there's, if you have--
- Havard So, we can provide the grand total of what the departments originally requested and then what our recommendation is.
- Plunkett So, if there was, if Chief Spears sent in his request for his budget to you, was it just a number? Was it just 4 million dollars?
- Havard It's a working budget so we have a budgeting platform and we revise it based on how we react to the revenues, right?
- Plunkett You sent us a spread sheet with money this weekend like, what, I get frustrated because it seems like this is something—easy things should be easy and budgeting is easy. Like we should know what you want, what the expenses are for each department but we're, we're kept in the dark.
- Havard So, we were under the impression that a balanced budget is what the Council's expectation was.
- Garrett That is a true statement.
- Plunkett I would agree with that.
- Havard And, so we're not going to propose a budget that is millions of dollars over that.
- Plunkett This year?

- Havard Right.
- Plunkett I mean, that's what happened last year, right? I mean, last year it was millions of dollars over and we had to go, working with Council and administration to pare it back.
- Havard Correct and then it was—
- Plunkett That's what I'm saying, why don't we work together on this?
- Havard And, then it was stated that a balanced budget is what the Council wanted to see.
- Plunkett Agreed. Agreed.
- Havard And, the revenues are not there.
- Plunkett But, we don't know what the expenses, the expense requests are either. I mean, that's the thing. Like, again, if we knew what the expense requests would be, then maybe we could look through this and say, "Listen, this isn't a priority for my district, whatever this is over here." Maybe we taken that out and plug it in and we put it over here. Like, I, I don't understand—
- Garrett Well, we're not getting it right here. I guess we'll have the opportunity when we finally see information on the 1st.
- Burk I have a quick question with Greg on that because you work with so many, hey, Greg, you work with so many municipalities, you've got a lot more experience than certainly I do, um, you made some comments I really appreciated in terms of, you see this as a team effort, that everybody really needs to be in the kitchen working together on cooking this up. It doesn't really work when you're not communicating. Is this, what you're hearing, is this atypical of the process between the administration and the Council where it's really, you know, more of their responsibility to work out the details and then bring it to us and we have a couple of weeks to kind of ask some questions and approve or do you feel like in other municipalities the Council is, you know, partially helping to create all this through a shared vision and through more conversation? Again, it's, this is my first real go-round doing this and so, I don't know what the expectation is, but based on what you said, it sounds like there may be more collaboration happening in other communities.
- Guerrettaz Well, first of all, I hear you all loud and clear and yes, there was maybe a misdirection in the balanced budget. I am, I'm used to everything. I'm used to a mayor putting together a 50 million dollar budget and only having 25 percent. As a matter of fact, I have one city where the mayor said, "You know, that 1.5 percent that Council wants, I want it to be 5." And, last week, we were going up to 5 percent increase. So, you know, it went the other way. So, I'm seeing a little bit of everything, especially this year but I guess Tammy was, was under the understanding that you wanted a balanced budget. I think that the route that she was trying to take was get the mayor's priorities within the balanced budget. What I've heard you loud and clear is that you'd like to see the entire package, too. That's, that's also common, it's also common the path we're taking which is

the mayor presents the budget and says, "Here's the priorities and here's what we'd like to fund." So, I, I guess I would say in the 20-plus years of doing this, I've seen a jump ball of everything, okay? So, I guess what we need, as, as, working together, what I meant is sending the right signals as we go forward so that we can meet everybody's goal. And, that's what Tammy's been trying to do but, there was maybe too much emphasis on the balanced budget at this point in time thinking that, you know, you may not want to see the bigger. So, that's fine. I hear you loud and clear.

Garrett I think I think, a minute.

Choi Real quick, real quick. I think the, and I want to applaud Tammy and her team and the mayor's office for keeping our priorities of a balanced budget in mind. That was great and thank you for that. And, where I feel that listening to the rest of Council, where we have fallen a little short is that we've gotten the priorities of the mayor in this budget but what we haven't done in these meetings is determine the priorities of Council because what I'm hearing from Jason and the frustration of Councilor Plunkett and Councilor Garrett and the others is, we haven't determined what the Council's priorities are in, in formatting this budget. For example, let's say Council's priorities are we have determined that the fire department and police department, that the officers that work in those departments are underpaid and we're not as competitive in those and we'd like to see those salaries increased. So, that's a real conversation we've had. So, if that's a priority of ours to do that, we need to reformat those salaries so that we can address that from a revenue and expense standpoint and build that into the budget but we haven't been afforded that opportunity to do so.

Plunkett Well, I think, specifically for me, the reason I hammered so hard on a balanced budget is because we don't know what's going in it.

Choi I understand the balanced budget. I'm just saying that we, we have our priorities on what we'd like to see in the budget, too. And, this has been, as much as what you have gone to is you have, you have taken to heart our highest priority which is as balanced budget.

Guerrettaz And sustainability.

Choi And sustainability. But, I think that what we haven't, what we haven't passed forward to you and, is that there are other priorities that we have. That we want to know more about what we want to place in the budget so we need information from, from the administration about what was it that the departments asked for so we can help determine what that second round is.

Guerrettaz And, see I those as kind of the one we had, you know, by teams, I, I kind of expected more interaction on the Council on that in saying, "You know that's not going to be possible. You know that's not—" And, you know, here's kind of what we want to see so what I am usually used to is a lot more interaction even during those work sessions and that's what I think we, I guess I didn't hear or didn't have and maybe Tammy had it during the liaison meetings but I don't know that.

- Choi And, maybe that's where we kind of broke apart because in the conversation afterwards and I can understand everybody's frustration is, one of the things in my mind to use as a real example is the question of are our fire department and police department officials underpaid compared to our neighbors and should we be increasing those? That's an example, not, not something to—
- Havard I just want to address that really quick. Last year in the 2021 budget when we presented it, we did include a parity for the police department and the fire department and gave that increase and we have since then done the compensation study that shows the min, mid and max ends and bringing everyone up to the minimum and then being able to move them forward. So, I just wanted to address that we are addressing compensation and public safety as well as the rest of the stuff.
- Choi And, I appreciate that but that's I was just using that as an example of—and I think that kind of dialogue back and forth for whatever reason got lost and we're just a little frustrated in that.
- Garrett So, I just want to clarify one thing you said, Councilor Choi, which was you sort of implied the only thing that Council has given as a directive is a balanced budget.
- Choi No, no, sorry. I didn't mean to imply that.
- Garrett Okay, just, just so the public is aware, the process is Councilors came up with their own priorities for the Town and submitted those and then each individual councilor was responsible for conveying those with each department head and then those were—some were put in the budget, some weren't and that makes sense. I think what we haven't seen then is well, how did that shake out? And, to Councilor Plunkett's point, if it didn't shake out in a way that maybe there was a huge priority for us, well, how do you make that up, right? Is there something else that was another priority that needs to be not in there? Do we need to spend additional money to convey that priority? That's, that's the dialogue that we're missing and it starts feeling like we get crunching down to, well, now we've only got a month to do all this stuff and there are a lot of moving parts.
- Choi No, I didn't mean to imply that. I said, what I meant to say is that an all-important aspect of what we wanted was a balanced budget.
- Garrett Absolutely and sustainability.
- Guerrettaz And, ultimately, my goal is to help the city as a whole put together, get the interaction, get the best budget now and going forward and keeping your eyes wide open because, you know, technically in the sustainability, we're going to have the next year or two budget kind of set out and it's going to start giving you a roadmap. I think doing this one year at a time creates a lot of anxiety.
- Melton Mr. President, can we check with IT to make sure that everything's running?
- Garrett Joe told me we went down for two minutes and we're back up and online.

- Melton You're back online? So we missed probably Councilor Plunkett's comments, is that what we missed? I think that's important for the public to know. I'm concerned about that. That was a different part? Okay, I just wanted to make sure. When, when we signed our electronic means of communication, I just wanted to make sure that we get that out there to the public when we are on Zoom and this is an example of one of the reasons why I think that we choose to make sure our councilors are here for the meetings as well. So, I just, I saw that miss and I was concerned about we missed some of your great comments, Councilor Plunkett.
- Choi So, for, for future, I think what we tried to do this year in having liaisons was nice but it failed to accomplish what we tried to accomplish in that because it felt like we really didn't convey the, the information wasn't conveyed to us, our feelings, we didn't have, we didn't respond in a way that you guys felt like we were conveying information back to you.
- Guerrettaz And, I think the way we've done it, sometimes it takes an all-day hearing and you, you sit down with every department head and go through it. And, I'm there and I'll be the first to tell you if because I'll have known it already, you can't afford seven new firemen unless, okay, you do something with cash balance or something like that. My job would be to point out the road but I think that's how, you almost have to have that type of interaction and I was, you know, I was listening on those other ones, you know, I'll be the first to tell you what the roadmap looks like because I know it from a whole bunch of other places.
- Burk Yeah, I think that's probably what we should do in the future. I would only put a plug in, really so, Tammy, I don't know if you were in all the meetings or not. I was in the Parks meeting. We met for an hour. I thought it was a good meeting. There were, ah, this is my opinion, and my first time doing this, there were some things you guys took out. You took some large expenses out, um, I appreciated that you were listening to my concerns about what I thought would pass and wouldn't pass. I don't know if that happened in every other meeting but the concern I had then was, how did everybody get to hear that or did everybody get to weigh in? And, I realize that the approach was that that was my role to play in that meeting. So, I thought it went okay but I do agree that if we, I would have committed myself to an entire day to kind of walk through each department for an hour and just present it and hear from everybody. I think that may have been more productive but kudos to at least Jared and the team and the Parks Board for what I thought was a good conversation.
- Plunkett I think, I think, I mean, for what it's worth, I mean, I have constituents ask me all the time if the budget process is always like this and, um, I'm sensitive to the fact that we have a new administration, we have new software, we have a whole lot of new stuff going on. Um, in prior years, the budget process was literally getting every department head in a room with all the Councilors and, at the time, it was an Excel spreadsheet. This is what we expect to spend, this is what we've spent so far. These are the cash balances we have available, um, and then as we "worked through the budget process," meaning as revenues started to come in and we could see those projections, we already knew what the requests were so we could start making those adjustments along the way. Um, and that was a process that typically began at the end of July, beginning of August. So, we

would know what each department wanted by mid-August so there was no surprise, there was no, there was no, no surprise. I mean, it's really, it seems like, again, I get it, new software, new administration, new everything, but, man that was really, really easy because everyone was in the room together.

Havard Yeah, and the sustainability plan I think will also help and that's also a new, new process and looking out more than just one year. So, we're really looking to put a tool together that will give us that roadmap going forward and not just looking at one fiscal year. And, as Greg mentioned, once we have that plan built, we will already kind of know what the next year's expectation is because we're asking the departments today what they expect for future years as far as personnel requests, so how many firefighters in 2023 and how many in 2024. So, that roadmap then, you'll have that now and then we'll be able to adapt every year on what we can fund it on.

Plunkett I guess from my perspective if we're waiting to get 2022 budget so that until we get 2023, 2024 and 2025 projections, I would rather stop worrying about those projections, get the 2022 budget and we can work on 23, 24 and 25 later.

Guerrettaz We're not. We're working on the 2022. And then, 2023 and that will drive from there.

Choi The main frustration I have is, is that we're pushing this later and later into the month and I feel like last year, my frustration last year was that we got it so late. I felt like I was handed the budget and pass it or we're going into a process by which we won't have a budget and this is what you get. So, this is, we're getting to a point where I feel like that what's being handed to me right now again where we're going to October 1 and you've got 30 days to review this and, ah, honestly, we all are dedicated to this but we all have other things that we do in our lives as well. So, this is, we need to start this next year at a much, much sooner level than this to look at all the expenses and processes way before this as a group.

Plunkett But why wait until next year? If we're going to get something on October 1, why not, you guys have everything now, give it to us now. That's all I'm asking. That's all I'm asking. Give me everything, give me everything you have now, all the asks from the department heads so that I can look at it and then I'm not surprised on October 1. I know what's going on and we can have a productive conversation about it. That's all I'm asking.

Burk And keep in mind, too, fall break does fall in there when we get that and, these days, much of this entire town is gone. I know I'm, not only am I gone, but also if I need to get a hold of somebody, they may likely be on vacation as well. So, you kind of lose a week to also follow up so just keep that in mind, that we kind of lose a week in that condensed time frame. Thank you. That's all the comments I have.

Garrett Thanks Greg. Thanks Tammy. Councilors, anything else on that?

7. OTHER MATTERS

Garrett All right. Any other matters Councilors may have?

8. APPROVAL OF CLAIMS

Garrett We have approval of claims. Tammy, you might come back up here. There was a question on, I'm sorry, Councilor Traylor is not here today, had about one of the claims. I know you sent an email about it over the weekend but if you could give us just a quick update. Sort of a full circle on that one.

Havard Which claim?

Garrett This is related to the First Person expense.

Havard Yes, and, um, as I've explained before at the Council meeting and at the check-in meetings, that there are expenses that were planned at a certain budget year that for whatever reason that they are being paid now in a future year so the First Person compensation study was planned for in 2020 budget and the invoices are hitting against the 2021 budget. So, the directives that the department heads are aware of is that you would find it within your budget if a line goes over then another line would get under spent and so we are working with the appropriation. We're not asking for an additional appropriation, um, and we do have enough in order, appropriation, in order to cover the expense.

Garrett It's not an appropriation though.

Havard Say again?

Garrett It's not an appropriation.

Havard It's not an additional appropriation, correct.

Garrett Yeah, so in this case, it's 27,250 dollars. Does that mean last year that the 2020 budget—

Havard was under spent.

Garrett Under spent?

Havard Yes, sir.

Garrett But the dollars were encumbered to this year—

Havard Correct.

Garrett So, what happens, is that 20—should it be appropriated because it was meant for 2020? I don't want to hamstring—

Havard Because there are, this timing issue occurs every year with some expenses that are planned in a year, it usually washes.

Garrett So there's something—

Havard There's something that's going to get delayed and something that got pushed and they wash each other out.

Garrett Got it, got it. Okay.

Havard So, we don't have any, we don't have any concerns with it hitting the line.

Garrett Okay, that makes sense. Thank you.

Havard Thank you.

Garrett Any questions on that, Councilors? Any motions on claims?

Choi Move to approve.

Garrett First from Councilor Choi. I will second. President Garrett. All in favor?

All Aye.

Garrett All opposed?

 [No response.]

Garrett Claims are approved by a vote of 6 in favor, 0 opposed.

9. ADJOURN

Garrett I will make a motion to adjourn.

Burk Second.

Garrett All in favor to adjourn?

All Aye.

Garrett All opposed?

 [No response.]

Garrett Motion to adjourn is approved by a vote of 6 in favor, 0 opposed. Next regular Town Council meeting is scheduled for Monday, October 4, 2021 at 7 o'clock p.m. in the Zionsville Town Hall Council Chambers. Final notice will be posted in compliance with open door law. Thank you, all.

Zionsville Town Council
September 20, 2021

Respectfully Submitted,

Amelia Anne Lacy, Municipal Relations Coordinator
Town of Zionsville